



TOWN OF BETHEL PRESS ANNOUNCEMENT

April 29, 2013

(Bethel, CT) Bethel's Board of Selectmen and Public Utilities Commission today approved a proposal recommending the sale of the Bethel water department's assets to Aquarion Water Company of Connecticut, based in Bridgeport, Connecticut. The plan calls for the sale of the assets of the water department, including equipment, underground infrastructure, wells and surface reservoirs, subject to review by the Bethel Planning and Zoning Commission and approval by the Bethel Board of Finance and legislative body at Special Town Meeting. The transfer of assets and final sale price would also be subject to approval by the State Public Utilities Regulatory Authority (PURA) and the Department of Public Health. The purchase price is \$7.2 million, subject to final approval by state regulators.

The Selectmen and Public Utilities Commission members cited the following reasons for recommending the sale to Bethel voters:

- The need to increase the town's water supply to support economic development: Bethel's ability to supply sufficient water to support current needs and future economic development is constrained. Significant new investment in well fields and infrastructure will be required in the near future to expand supply. This is a critical factor in any future expansion of Bethel's Clarke Business Park.
- The inability to secure permission from the City of Danbury to build a storage tank on the Eureka Lake property owned by the Town of Bethel: Bethel faces a lengthy and costly legal battle to secure permission to build a badly needed storage tank on the Eureka property.
- The sale would allow interconnectivity to Aquarion's growing regional network in the future to provide the water Bethel needs.
- The growing need for maintenance and repairs: In addition to the high cost of developing new well fields, Bethel's underground water transmission system is aging and in need of improvement. The Public Utilities Commission would need to borrow several million dollars over the next five years to fund capital improvements.

- Increased revenue for the Town of Bethel: Privatizing the water department assets would create new tax revenue on the equipment and properties.
- Repay debt owed to the General Fund: As was widely reported in local press coverage in recent years, Bethel's water department had been operating in a deficit for several years and is in debt to the General Fund by approximately \$2.5 million. The sale would repay that debt, with interest.

A public hearing will be scheduled to hear comments from residents and answer questions, the date and location to be announced shortly. The Board of Selectmen and Public Utilities Commission will forward the proposal to the Board of Finance and Planning and Zoning Commission for the appropriate action. Assuming their approval, it will be forwarded to a special town meeting for voter consideration.

Question and Answer Guide

Q: When would the sale take place?

A: If approved by Bethel voters, the transfer would take approximately three to six months to complete, as it would be subject to approval by the state Public Utilities Regulatory Authority (PURA) and the Department of Public Health.

Q: What impact will the sale have on Bethel water rates?

A: For the next three years, Aquarion will propose to PURA to adhere to the current rate schedule that was approved by the Bethel Public Utilities Commission (PUC) in 2011. That year the PUC approved a graduated five-year schedule of rate increases designed to erase the operating deficit and repay the debt owed to the general fund. After Year 5, Aquarion's rates would be subject to approval by state regulators.

Q: How much would Bethel realize in additional tax revenue from Aquarion?

A: Approximately \$110,000 annually.

Q: What would happen if Bethel chose not to proceed with the sale and instead continue operations as they are?

A: The PUC would need to raise money by selling bonds in an amount between \$4 million to \$6 million to cover the cost of infrastructure upgrades and water storage. The rate increases noted above would continue for the next three years, but following that, the PUC would need to put further rate increases in place to offset the cost of system improvements.

Q: Would this affect the Stony Hill water systems (Berkshire Corporate Park and Chimney Heights systems)?

A: No, the Berkshire Corporate Park and the Chimney Heights systems are already owned and operated by Aquarion, following its acquisition of United Water Connecticut, Inc. in 2012. Aquarion also owns and operates the Meckauer System in western Bethel. It should be noted that the sale of those water systems, first to United, followed by Aquarion, resulted in significant investment in the delivery systems. Underground lines and storage tanks have been improved and the system has been connected to the regional network to provide an emergency backup supply and improve reliability.

Q: What would happen to the real estate associated with the water department?

A: The sale would involve the equipment and infrastructure, and the associated real estate including Eureka Lake in Danbury, Chestnut Reservoir in Bethel, and the Maple Avenue well field properties in Bethel. The properties must be transferred to the water supplier in order to comply with state health regulations. The Connecticut Department of Public Health maintains a requirement that water suppliers must own any water company lands and sources from which it draws water.

However, Aquarion plans to discontinue the use of the reservoirs as they develop new ground water well fields. As Bethel's reservoirs are decommissioned, these properties, excluding small carve-outs for the treatment plants, will be transferred back to the Town of Bethel at no cost to the Town.

Q: Would the sale affect the Bethel sewer department?

A: No, operations of the Bethel sewer department would continue as they are today under the authority of the Bethel Public Utilities Commission. Sewer rates will not be affected.

#

CONTACT INFORMATION

Matthew Knickerbocker
First Selectman
Town of Bethel
203-794-8501

Peter Fazekas
Public Relations Manager
Aquarion Water Company
203-336-7651